National Defence | Défense nationale

Canadian Forces Housing Agency | Agence de logement des Forces canadiennes

RESPONDING TO THE NEEDS OF MILITARY FAMILIES

2013/2014 ANNUAL REPORT

Canada

THE CANADIAN FORCES HOUSING AGENCY

2013/2014 ANNUAL REPORT

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MESSAGE FROM THE ASSISTANT DEPUTY MINISTER (Infrastructure and Environment)

Since joining DND as the Assistant Deputy Minister (Infrastructure and Environment) in December 2013, I have come to appreciate the depth of knowledge and skill of CFHA staff. I have come to the realization that the DND housing program is a complex, multi-facetted program which impacts the life of thousands of military families.

Early in my tenure as ADM(IE), I had the opportunity to visit a number of bases and wings and took the opportunity to meet with the local CFHA personnel and tour the housing portfolio. Despite the age of the majority of the housing units, I was positively surprised with the overall quality of the portfolio as well as the level of work that the CFHA site offices have performed in improving the condition of these assets. I was also impressed by the professionalism and passion of CFHA staff in serving CAF members and their families. As an example, I learned during my visit how CFHA staff in Gagetown was very responsive in supporting a CAF member whose family was in a very difficult situation by helping them move into a barrier-free housing unit – a great example of how CFHA responds to CAF family requirements with compassion and in a timely manner.

CFHA's response to the increasing financial difficulty faced by CAF members posted to 4 Wing Cold Lake is also commendable. By

refocusing its investment strategy, CFHA has been able to make significant improvements to the housing assets through an exterior retrofit project for approximately 90 units in 2013/14. This will result in better overall energy efficiency of the housing units which ultimately means lower utility costs for CAF families.

ADM(IE) is currently going through a significant transformation as DND centralizes its management of real property under ADM(IE). Through this exercise, I find that we are able to benefit from CFHA's experience in managing a national portfolio. The culture of continuous improvement that CFHA has developed over the years and is able to maintain under its management excellence journey is also a model for many.

I personally would like to thank Dominique Francoeur and her management team for their leadership in managing this very important program and the CFHA staff across the country for their continued passionate support to CAF families.

I am looking forward to working with the CFHA team as the department continues to examine options as to how to best manage the DND residential housing program.

Jaime W. Pitfield
Assistant Deputy Minister
(Infrastructure and Environment)

THE YEAR IN REVIEW FROM CFHA'S CHIEF EXECUTIVE OFFICER

I am pleased to report on CFHA's accomplishments during FY 2013/14 as the Agency continued to excel in providing a high level of service to CAF members who serve our country.

CFHA strives to improve the quality of life for CAF families who choose to live in DND residential housing through tangible and visible improvements to the housing portfolio.

Through 2013/14, CFHA focused on its customer service program which aims to improve the customer experience. One of the highlights was the customer service training program, and I am pleased to report that over 175 CFHA employees have taken the training that was delivered in partnership with Service Canada and the Canada School of Public Service. CFHA has also partnered with the Chief of Military Personnel in conducting an occupant survey at the end of the fiscal year. The results of the survey will help CFHA tailor its programs and services to be more responsive to our CAF families' needs.

Our Agency has continued its pursuit towards excellence as part of Excellence Canada's Excellence, Innovation and Wellness Standard. Through this initiative, CFHA has embedded

a rigorous program of process improvement which includes mapping all our key business and management processes. The outcome of the mapping exercise will be an organization that has a clear understanding of its management structure, a consistent approach to business processes across a decentralized organization and a mechanism to continually seek efficiencies. While CFHA will be seeking its silver level certification in FY 2014/15, at the end of the day, CFHA's excellence certification is not about hanging a plaque on the wall at head office; it is about an independent verification that CFHA has embedded the core excellence principle of continuous improvement in all of what we do as an Agency.

I am also proud of how well CFHA has worked with our partners with respect to managing issues of common concern. Examples include working with the Base in Petawawa in response to damage to local residential housing units that was caused by a massive wind storm and the need to relocate families; working with the Royal Canadian Air Force's senior leadership in addressing cost of living and quality of life issues impacting CAF families at 4 Wing Cold Lake, as well as building a strong working relationship with the DND Ombudsman's office in order to collaboratively address CAF family issues and problems. Our objective is and has always been to find the best way to support the CAF, its members and their families.

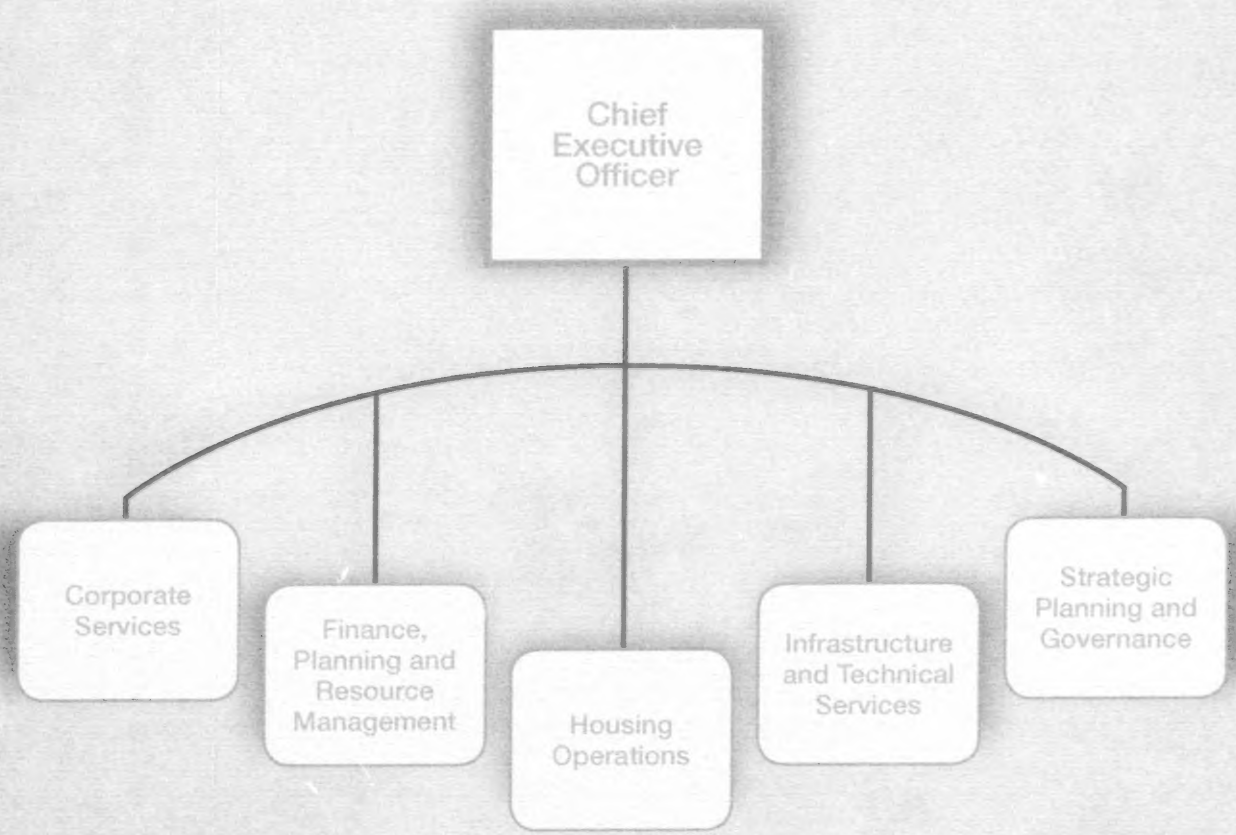
Finally, I would like to express my pride and appreciation for each and every member of the CFHA team, from Comox to Trenton, to Greenwood and Gander as well as our head office. It is the hard work and dedication of this team that continues to deliver great accomplishments for the Agency and makes it possible for us to deliver on our mandate. Thanks to them, I welcome the challenges the future has in store for CFHA and am looking forward to continuing to surpass ourselves.

Dominique Francoeur
Chief Executive Officer
Canadian Forces Housing Agency

Profile

CFHA is the managing authority of the DND residential housing portfolio. As a result, it makes a significant contribution to the quality of life of CAF members and their families. Specifically, it is responsible for the allocation and maintenance of more than 12,000 Crown-owned housing units spread across 33 locations in Canada, as well as the provision of customer services to all their occupants. In conjunction with the Base and Wing commanders, the Agency is also responsible for the long term strategic planning and development of the portfolio to meet the evolving needs of the CAF and their families. CFHA accomplishes these goals with fewer than 280 permanent employees spread out amongst HSCs and satellite sites.

Organizational Structure



Our Mandate

To manage Crown-controlled residential accommodation for the Department of National Defence, to ensure assets are maintained to a suitable standard and to develop and implement plans to meet the future residential needs of members of the CAF.

Our Mission

CFHA manages assets and provides accommodation services in support of the CAF requirements and CAF members' needs.

Our Vision

CFHA excels in providing the CAF with a portfolio of wide-ranging innovative accommodation solutions.

Our Values

Customer-Centered

CFHA recognizes that every employee is responsible for customer service. This means anticipating and understanding customer needs; and delivering dependable, courteous and responsive customer services to address those needs.

Teamwork

CFHA supports teamwork with a commitment to information sharing in a collaborative environment; and communicating knowledge and experience. Agency employees are encouraged to work together to create optimal results. Management encourages effort while recognizing and celebrating success.

Commitment

CFHA is committed to creating a culture where employee involvement and engagement are valued, discussed, shared and lived. All employees seek and accept responsibility and strive for the achievement of our vision of excellence as a reliable provider of housing services.

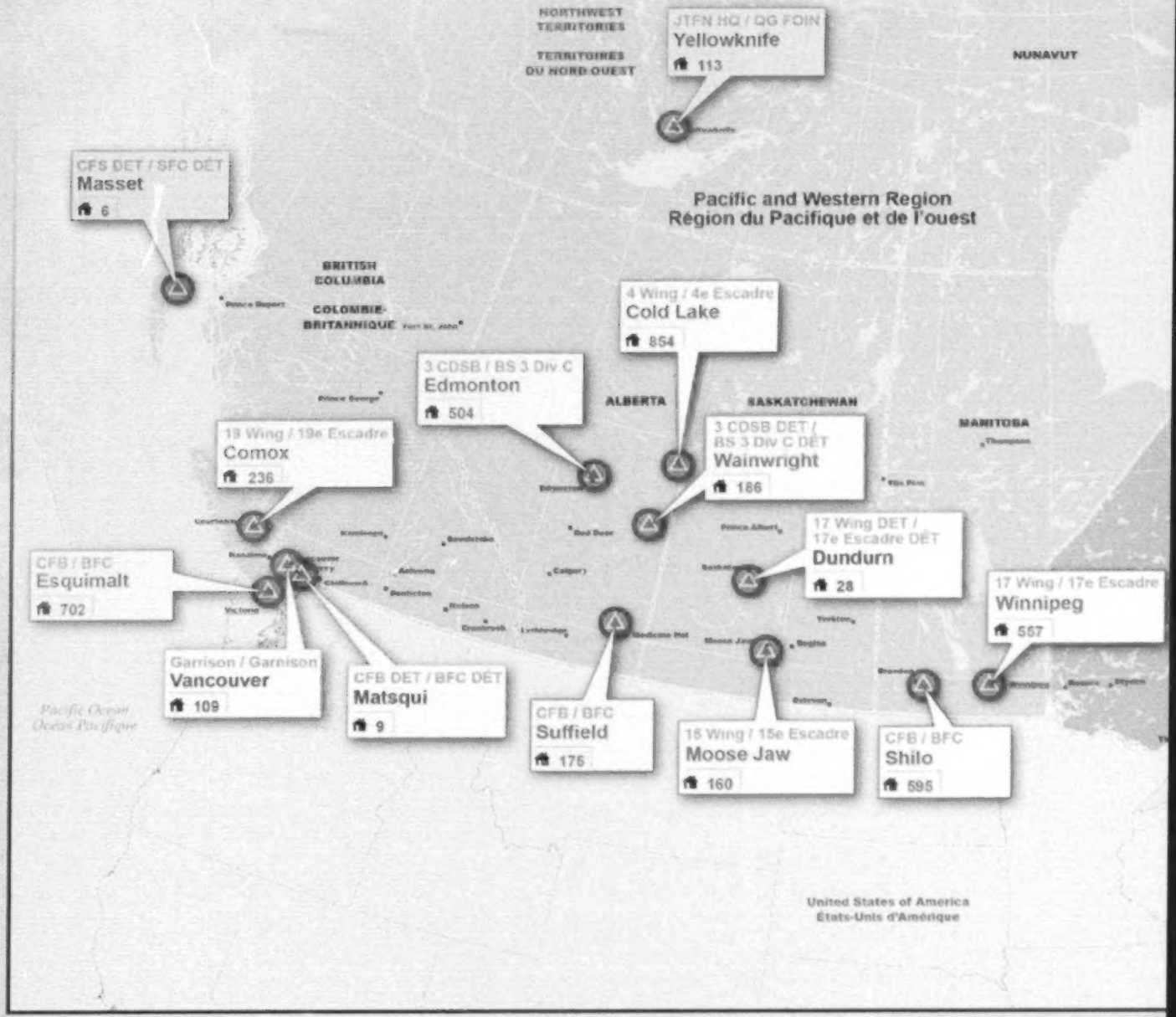
Respect

CFHA is committed to demonstrating fairness and accountability in every action. We treat all others with care, honesty, fairness and importance. We provide exemplary management and stewardship of Agency assets.

Our Strategic Objectives

- To provide excellent services to our customers and clients
- To be the *agent of excellence* in the provision of residential housing for the CAF
- To foster a vibrant, competent workforce in a healthy workplace
- To excel in our sound management practices and stewardship of resources

WHERE IS DND HOUSING LOCATED IN CANADA?



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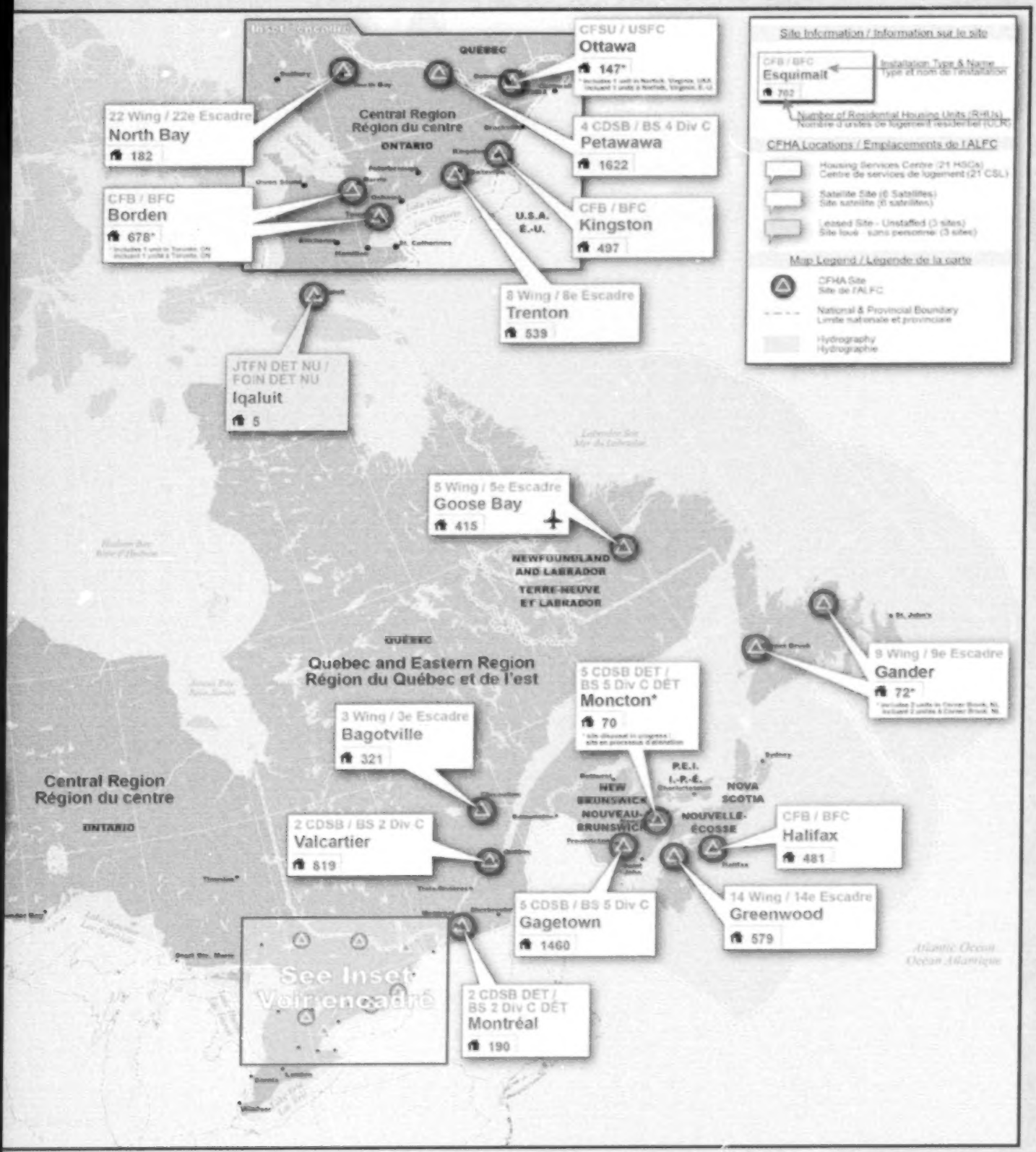
250 125 0 250 500 750 1,000 km

Projection: Lambert conformal conic (Canada / North America)
Projection : conique conforme de Lambert (Canada / Amérique du Nord)


CFSU / USFC
Ottawa
147*
4 CDSB / BS 4 Div C
Petawawa
1622
22 Wing / 22e Escadre
North Bay
182
CFB / BFC
Borden
678*
CFB / BFC
Kingston
497
8 Wing / 8e Escadre
Trenton
539
JTFN DET NU / FOIN DET NU
Iqaluit
5
Central Region
Région du centre
ONTARIO
QUEBEC
U.S.A.
E.-U.
5 Wing / 5e Escadre
Goose Bay
415
NEWFOUNDLAND AND LABRADOR
TERRE-NEUVE ET LABRADOR
9 Wing / 9e Escadre
Gander
72*
Quebec and Eastern Region
Région du Québec et de l'est
5 CDSB DET / BS 5 Div C DET
Moncton*
70
3 Wing / 3e Escadre
Bagotville
321
Central Region
Région du centre
ONTARIO
2 CDSB / BS 2 Div C
Valcartier
819
P.E.I.
I.-P.-É.
NEW BRUNSWICK
NOUVEAU-BRUNSWICK
NOVA SCOTIA
NOUVELLE-ÉCOSSE
CFB / BFC
Halifax
481
5 CDSB / BS 5 Div C
Gagetown
1460
14 Wing / 14e Escadre
Greenwood
579
See Inset
Voir encadré
2 CDSB DET / BS 2 Div C DET
Montréal
190
Atlantic Ocean
Océan Atlantique
Site Information / Information sur le site
CFB / BFC
Esquimalt
702
Installation Type & Name
Type et nom de l'installation
Number of Residential Housing Units (RHUs)
Nombre d'unités de logement résidentiel (ULR)
CFHA Locations / Emplacements de l'ALFC
Housing Services Centre (21 HSCs)
Centre de services de logement (21 CSL)
Satellite Site (6 Satellites)
Site satellite (6 satellites)
Leased Site - Unstaffed (3 sites)
Site loué - sans personne (3 sites)
Map Legend / Légende de la carte
CFHA Site
Site de l'ALFC
National & Provincial Boundary
Limite nationale et provinciale
Hydrography
Hydrographie
Data Sources
- National Atlas (NRCAN)
- Geobase (NRCAN)
- National Topographic Database (NRCAN)
- Department of National Defence
Sources de données
- Atlas national (RNCAN)
- Géobase (RNCAN)
- Base nationale de données topographiques (RNCAN)
- Ministère de la Défense nationale

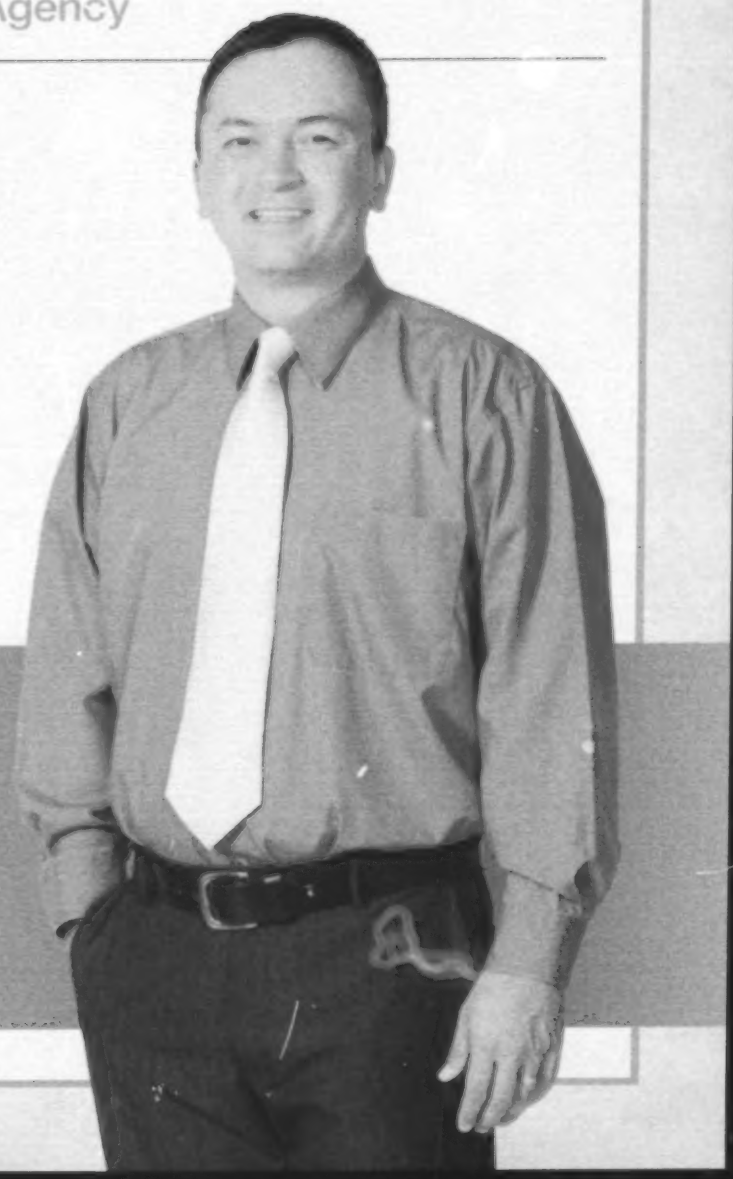
Sharing CFHA's Accomplishments in 2013-2014

RESPONSIVE TO OCCUPANTS' CONCERNS

A Customer Service Oriented Agency

Throughout the years, CFHA has been and remains committed to providing residential housing to meet the needs of CAF members and their families. The Agency's goal is not only to provide excellent services to its customers but to also continually improve the customer experience.

CAF members and their families are faced with many challenges as they are often posted on short notice and required to uproot everything. Within months or even weeks, they may need to find a good school or daycare for their children, or even a good doctor. Often, the spouse's career certifications (e.g. nurse, electrician) are not transferrable to the province they are moving to and they are suddenly down to one income. Another hurdle for



"CFHA employees are dedicated and passionate about what they do and, as a team, our goal is to provide CAF members and their families with excellent customer service and ensure their experience with us is a positive one."

Stephen Jubinville,
Manager – Customer Service Program

them is ensuring that the family finds a place that they can call home. There are many sacrifices and uncertainties and it makes for stressful times for CAF members and their families.

This is where CFHA can make a difference.

From the first time an occupant contacts CFHA until the day they move out, the Agency wants to ensure their experience is as pleasant as it can be. CFHA employees are very dedicated and recognize that everyone within the Agency provides services to its customers, either directly or indirectly. CFHA processes are being reviewed and developed with the customer in mind, and the knowledge and input from front-line employees have been invaluable as CFHA strives to improve the customer experience. For example, as soon as military members get a posting message and inquire about moving into an RHU at a specific location, CFHA employees will send them pictures of available homes to give them the opportunity to decide which one would be best suited to their family's needs.

"I would first like to take this opportunity to say thank you for taking so much time and sending us all of these wonderful photos. You truly enabled us to make an informed decision over the weekend. You accurately captured each residence and provided us the next best thing to walking through the units."

Captain Claus, Occupant – HSC Esquimalt

The Customer Service Program remains focused on key activities that drive customer satisfaction. In partnership with the Canada School of Public Service and Service Canada, CFHA has an established comprehensive customer service training program with 175 of Agency employees having participated in customer-centred training by the end of FY 2013/14. This ensures that CFHA continues to fortify its already vibrant workforce. As well, a national customer satisfaction survey was conducted in early 2014 and an action plan is being developed which will allow CFHA to set priorities for improvement. These are some of the key activities that will help us create and sustain a consistent Agency-wide customer service culture at both head office and HSCs across the country, while improving the services provided to customers.

By assessing customer needs and expectations through various feedback methods, such as a follow-up after a repair or maintenance call, occupant interviews, employee interviews, the CFHA website, or the CAF occupant survey, CFHA will continue to identify issues of concern and implement solutions. In turn, this will strengthen the Agency's service delivery, improve the overall customer experience for CAF members and their families, and provide them with a place they can call home.

Issues Impacting 4 Wing Cold Lake

Over the past number of years, quality of life and the cost of living have been significant issues for CAF families posted to 4 Wing Cold Lake. As a result of concerns expressed by members in Cold Lake, CFHA worked extensively with both 4 Wing staff as well as the Royal Canadian Air Force leadership to reprofile its investment in Cold Lake and to respond to the concerns of its CAF families.

"The course was a great tool. It helped me understand myself, my co-workers and mostly, our clients. Not everyone is the same and/or reacts the same way to what is happening around them. What one person may think is trivial, for another, it is very important. We must be flexible and prepared for the diversities we face with each client."

Elaine Moyneur, Customer Services Representative – Gagetown

The Ombudsman also conducted a special review in Cold Lake that led to a report in July 2013. The report focused on four areas, specifically, the high cost of living in Cold Lake resulting from the impact of the oil and gas industry on the local economy, DND housing condition, compensation for CAF members, and access to medical care for CAF families. The report noted that the economic boom resulted in skyrocketing costs for housing in the local Cold Lake area; this in turn resulted in significant increases in the shelter charges (rent) for DND housing, which is required to reflect local market conditions. To alleviate these increases, DND implemented a 10 percent reduction to the rent increase in order to encourage occupancy of DND housing. The Ombudsman's report also made a number of observations regarding the condition of Cold Lake RHUs.

As part of CFHA's plan to improve housing in Cold Lake, a more robust investment plan was developed to ensure that there was a focused response to the housing condition – one of the primary concerns for our CAF members and their families. In FY 2013/14, a total investment plan of 9.3 million dollars was developed, which included significant improvements to the building envelopes to improve energy efficiency, heating costs and comfort, to the kitchens for improved functionality, along with required maintenance and replacement of roofs, furnaces, hot water tanks, electrical panels, and sidewalks and driveways. This aggressive improvement plan resulted in better living conditions for hundreds of families in Cold Lake, specifically related to improved energy efficiency in RHUs and lower utility costs for CAF members.

While CFHA is limited in what it can do to address the cost of living issues, it has made a firm commitment to focusing its energy and funding on improving the quality of life for CAF occupants by making noticeable improvements to the houses in Cold Lake.

At a June 2013 Armed Forces Council meeting during a discussion on the delivery of the Housing Program, Lieutenant-General Blondin, Commander Royal Canadian Air Force, noted CFHA's commitment to CAF members: *"I want to thank CEO CFHA for her tireless efforts in improving the support to CAF members; She and CFHA have been very responsive to critical issues facing Royal Canadian Air Force members and this is showing in the changes to the housing in Cold Lake."*

Quality of Life and Community Concerns

CFHA is committed to supporting its occupants and their families in their environment and in their communities. CFHA takes every opportunity to ensure that CAF members and their families are informed of significant activities in their neighbourhoods. The Agency is required to undertake improvements and build new units in certain locations. This impacts occupants, by temporarily causing disruption, creating noise, or changing the natural landscape.

CFHA works tirelessly to ensure that the occupant concerns are managed and responded to appropriately, which was demonstrated in Halifax in FY 2013/14, during the construction of new RHUs at the Shearwater site, to serve additional CAF families. The proposed building location was of significant concern to residents of the neighbourhood due to the unforeseen disruption and encroachment on a local playground and park. CFHA responded immediately by working with Base officials, to ensure that the appropriate measures would be taken to maintain the community park and to respond and communicate with the occupants.

"Both Canadian Forces Base Halifax and CFHA are committed to safe, secure, suitable and sustainable housing units and communities for CAF members and their families, which preserve and enhance their quality of life. It is uncertain when we may have an opportunity in the future to construct more housing units, but if or when it occurs, we will ensure that the residents of our neighbourhoods and communities are informed well in advance." Captain(Navy) Angus Topshee

Effective Rationalization of the DND Housing Portfolio

CFHA continues to rationalize the Defence residential housing portfolio, in support of the *Canada First Defence Strategy*, and with the commitment to and responsibility for sound stewardship and improved efficiency and effectiveness. In response to these responsibilities, CFHA is constantly monitoring the Department's residential accommodation portfolio to determine where excess or surplus housing stock exists and where possible, reducing the inventory. At CFHA's inception in 1995, CFHA was managing slightly over 22,000 RHUs and today, CFHA is managing approximately 12,300 RHUs.

The rationalization efforts allow CFHA and the Department to focus its investments in locations where there is a continued requirement.

In FY 2013/14, 91 RHUs were demolished at four housing sites (Borden, Petawawa, Shilo and Trenton). The majority of these, 67 RHUs, were demolished at Canadian Forces Base Borden to reduce surplus infrastructure and in support of the Agency's commitment to consolidate the residential housing site footprint. At other sites, demolition has occurred as a result of a fire or because the units were beyond their useful lifecycle.

The disposal of an additional 300 RHUs is planned and expected to proceed once funding and project approvals are granted, which will reduce the CFHA-managed portfolio to 12,000 units.

The Agency appreciates that these disposals can be stressful and it strives to alleviate their potential strain on occupants. CFHA staff tries to ensure that occupants are treated fairly and that as much information is provided as soon as possible in order for military families to make decisions that are best for their circumstances. For example, CFHA Gagetown granted a special request to an occupant whose RHU was to be disposed of in July 2014. The CAF member requested that his family be permitted to stay in their home until his return from Afghanistan in September 2014. In order to support this family in an already stressful time, CFHA Gagetown agreed.

"We have been working very closely with the Environmental Commands to ensure CAF members have significant notice of a closure and that they are able to access the entitlements that accompany a directed move. We want to ensure that CAF members get reasonable notice to allow them to make informed decisions about their future housing choices. Time and resources are necessary to manage, plan, negotiate and oversee the land transactions, dissemination of information, the notification process and the provision of entitlements. To date, the routine and strategic disposals have achieved Departmental objectives while protecting CAF members' interests with success."

Don Lattin, Senior Urban Planner – Head Office

Sharing CFHA's Accomplishments in 2013/2014

ABILITY TO ADAPT TO OCCUPANTS' SPECIFIC NEEDS

CFHA is mandated to meet the current and future residential housing needs of the CAF and generally improve the quality of life of CAF members and their families. Tending to the residential needs of CAF families is CFHA's top priority. Their comfort and well-being are of the utmost importance to Agency personnel. That is precisely why the Agency is fervently working to maintain and modernize its aging portfolio, which counts more than 12,000 homes spread over 33 locations across the country.

In FY 2013/14, CFHA generated 98 million dollars in revenue. This, combined with the capital funding provided by DND, led to more than 97 million dollars being injected into the housing program, which includes lifecycle, maintenance, repairs, recapitalization, program management and operations.

The demand for military housing at some sites, such as Gagetown, Edmonton, Comox and Halifax, has been high in recent years with a significant number of families currently on waiting lists. CFHA undertook new construction of a number of RHUs to offer some relief and replace RHUs that were disposed of due to their age and deteriorating condition. Specifically, there were four new houses built in Gagetown, two in Comox and three in Halifax (including a barrier-free accessible unit), all using a modular concept to keep costs down. In addition, 28 new units funded by the Department were built in support of new requirements due to the new Medium-to-Heavy Lift Helicopter capability in Petawawa. CFHA makes all attempts to ensure that the RHUs are as affordable as possible, and has used modular construction as a method to keep construction costs as low as possible.

In addition, CFHA invested 13 million dollars in the recapitalization program and completed the interior renovation of 144 RHUs in several locations across the country. These investments have a large impact as they steadily improve the portfolio and contribute to the improvement of the quality of life of CAF members and their families.

In order to reinject the maximum amount of its funding into the housing portfolio, CFHA is constantly looking at keeping its operating costs as low as possible. Capital funding accounted for 32 million dollars and was spent on complete whole house renovations, which include renovating the kitchen and bathroom, changing the layout of a house, and

replacing the plumbing, electrical and heating systems all at once. An additional 65 million dollars was used for repairs and maintenance and operations. This was a combination of planned lifecycle maintenance, such as window and roof replacements, and emergency repairs, to ensure that the houses are functional and that they meet the requirements for occupant safety. Through their local site office or through the emergency after-hours repair service line, occupants are able to contact CFHA 24/7 to ensure that their needs are met quickly.

Every year, CFHA manages a large number of occupant transactions, moving people in and out of RHUs. This is a long and demanding process with the coordination of inspections when occupants are moving-out, the identification and repair of outstanding damages, and cleaning, painting and occasionally floor refinishing to prepare the unit for the next occupants. In FY 2013/14, CFHA managed 3706 move-outs, which resulted in that amount of units being refreshed. Through this effort, CFHA ensured that the equivalent number of families moved-in throughout the year into a nice, clean, and prepared home.

Furthermore, CFHA is committed to providing barrier-free solutions to accommodate the needs of occupants with disabilities. This is realized through partnerships with CAF leadership, base & wing staff, industry professionals and occupants to assess occupants' needs, and implement architectural solutions to meet them. In FY 2013/14, one BFA unit was constructed in Halifax and a family with four children has since made this house their home, bringing the total number of full BFA units to nine units.

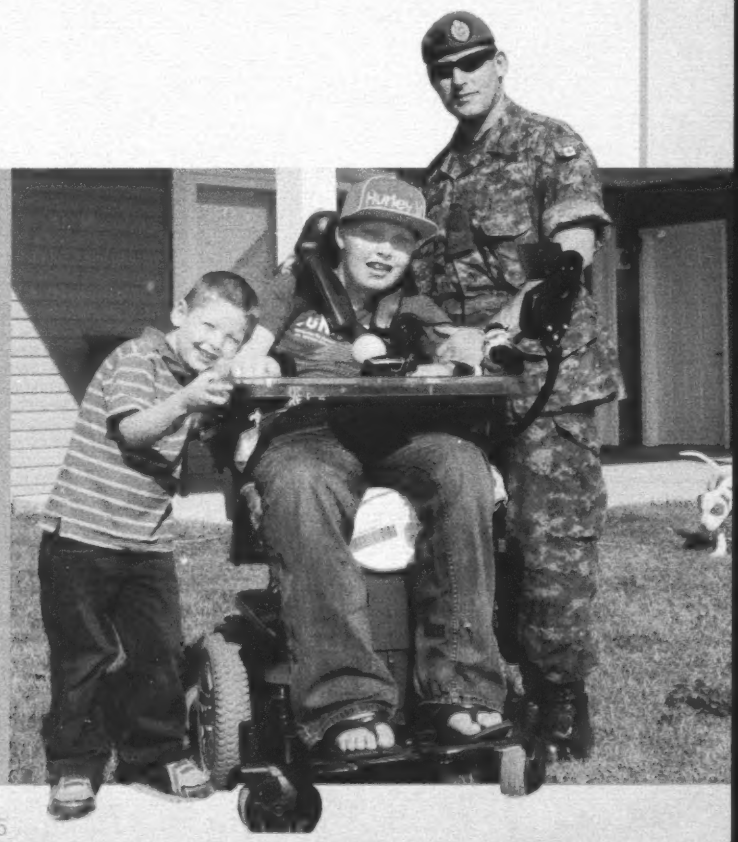
In fact, when HSC Halifax heard the story of Corporal Turner, whose 12 year-old son was hit by a car in May 2013 and is now in a wheelchair, the staff wanted to ensure they would not have to worry about finding appropriate housing for the family's changing needs.

Apart from the portfolio investments, CFHA strives to meet its occupants' specific needs to ensure CAF members and their families have the best quality of life possible. Having such a wide variety of people living in DND housing means a great diversity in needs. CFHA does its best to work with its occupants to overcome these challenges.

For example, CFHA Gagetown, Edmonton and Greenwood have built specific-style fences in order to support a number of families with children who have disabilities.

"My son almost didn't make it. He spent 10 months in the hospital and when his release was imminent, we needed to find him a wheelchair-accessible home. The house we were living in at the time could not be modified and we needed to find something rapidly. I caught wind that this barrier-free accessible unit was just being finished up and I immediately contacted CFHA and submitted a request. By the time my son was released from the hospital, we were settled in our new home. Service from CFHA has been outstanding. They have been bending over backwards to make sure our needs are met."

Corporal Turner, Occupant – HSC Halifax



"While my husband was out of the picture, gravely ill, I kind of threw myself on the mercy of CFHA and they totally stepped up. If ever there was a story of how it should be done, it was what I experienced. Everybody was so helpful. CFHA's service was spectacular. Honestly, my experience couldn't have been better. The first time I went in the office, I totally lost it and started crying. Everybody was just so supportive and helpful and made things happen for me. There's nothing bad I can say; my experience has been only good with CFHA. After owning houses for 25 years, this is the first time we rented and it is so easy with CFHA."

Lynda Schapansky, Occupant – HSC Gagetown

In June 2013, Captain Grant Schapansky and his wife Lynda Schapansky were posted to Yellowknife from Gagetown; they had already sold their house and were 10 days away from driving across the country when Captain Schapansky became seriously ill. In an instant, Lynda found herself without a home and having nowhere to go while her husband was in the hospital. Emergency housing was immediately offered to her and CFHA made arrangements to assist her in any way possible. Once it was determined that Captain Schapansky would be in hospital for some time and then would need to recover locally, his posting was cancelled and permanent housing was arranged in January 2014.

When Corporal Marc-André De-Serres moved into his RHU in Cold Lake, he inquired about getting a safety system installed for his hearing-impaired spouse. He was concerned with how she would hear the door or the smoke detector. After some research and guidance from head office, HSC Cold Lake was able to install strobe lights connected to the smoke

detectors and an additional smoke detector in the bedroom for her to be able to see at nighttime. As well, a strobe with a portable hand held vibrating device was installed, allowing her to be aware when the doorbell is ringing.

Moreover, CFHA aims to accommodate its occupants as much as possible. For example, a member lived in a two bedroom RHU in Greenwood with his spouse and one foster child. When the family decided to take in two more foster children, they requested a bigger house since the foster care program requires that each child gets their own room. As soon as an appropriate RHU was available, their request was granted and they moved into a four bedroom duplex.

Many occupants expressed their gratitude, through thank-you cards or in person, regarding renovations made to their RHU. Whether it is the ease of moving furniture and appliances with wider doors, the satisfaction of having a modernized kitchen and bathroom or the contentment derived from having improved air quality, CFHA has received positive feedback from occupants across the country.

"The staff over at CFHA, were kind enough to put in a request and see what they could do for my family. About a month ago, the system was installed. My wife now feels much safer and I feel comfortable going to work and leaving her alone. CFHA staff was very professional and willing to help, ready to do the research and find everything out right away. This definitely made me feel better."

Corporal Marc-André De-Serres,
Occupant - HSC Cold Lake

Sharing CFHA's Accomplishments in 2013/2014

RESPONSIVENESS IN TIMES OF EMERGENCY

The Agency is committed to providing healthy and safe residential accommodation to CAF members and their families. Life being unpredictable, sudden and unexpected events can disrupt people's comfortable existence at any time. Whether it is Mother Nature not cooperating, a house fire or the malfunction of utilities in RHUs, CFHA's employees are dedicated to reacting rapidly when such events occur. During FY 2013/14, there were several unexpected events that demanded the Agency's prompt action.

Storm in Petawawa

On July 19th 2013, a summer storm swept through Petawawa, damaging 215 RHUs, including 65 that were greatly affected. No one was seriously injured, but, with no power and limited resources, CFHA was very creative in finding ways to ensure prompt response, especially since most local contractors were unavailable due to the high demand following the storm. This storm had significant economic impact on the community, but it also brought the community together.

Upon initial review of the 215 homes, 80 families needed to be relocated temporarily due to the extent of the damage to the homes. Many rooftops had been damaged and trees and debris accounted for issues with power lines.

All available site staff was brought in and an emergency operation team was created, including staff from Ottawa and other nearby sites, to lend a helping hand. In addition, the Base provided liaison and support staff. Part of CFHA's team was temporarily located at the Garrison Orderly Room to work closely with the Garrison military personnel. The collaborative teamwork was very effective in organizing the situation. Once the status of the homes was evaluated, all affected families were contacted and given an update. Food

"When I arrived, I was impressed with how the site rapidly reacted to the situation by taking measures to prevent further damage to houses that were already damaged by the storm. The team efforts between CFHA and the Base allowed all occupants to be back in their houses within a week, a reasonable amount of time considering that the roof structure of many houses was destroyed. The families were very appreciative with the overall services and support and grateful to promptly be back in the comfort of their homes."

David Thompson,
Manager – Regional Portfolio (Central)

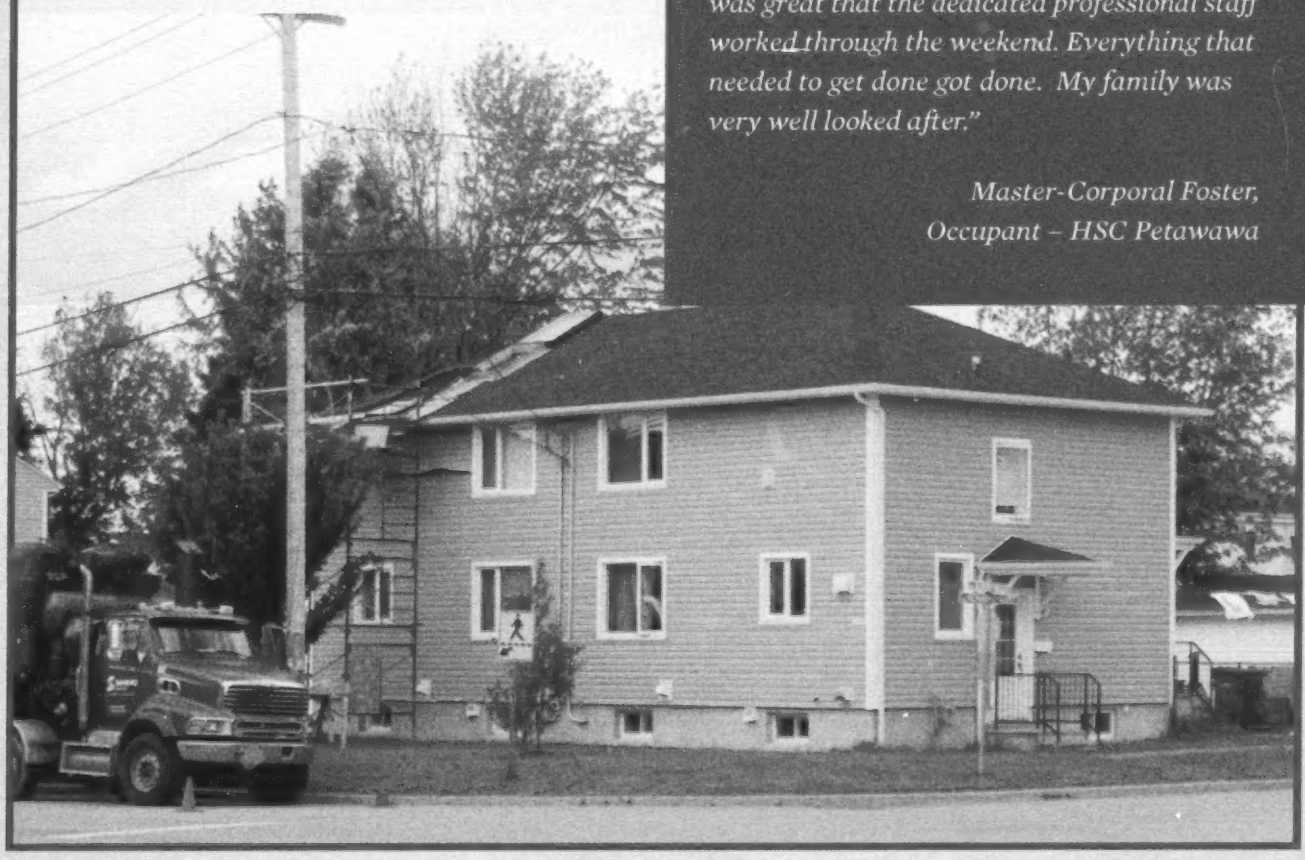
and temporary shelter were provided through the Garrison Commandant. CFHA provided suitable housing to the families that had homes where the roof was completely blown off. This involved a lot of coordination, reviewing of vacancies, and cross-referencing possible matches for families.

As soon as the winds died down, the staff hired contractors to place tarps on the roofs of the homes to protect the RHUs and occupant belongings from further damage. Contractors also removed trees to open up roads and assisted firefighters who were on site to ensure no personnel were trapped under debris.

The Petawawa team worked around the clock for over two weeks to support affected families and expedite their safe return home or their relocation and minimize the impact of a storm. A number of homes underwent extensive repairs before they could be occupied again and this work ran far past the initial two week blitz.

"The storm happened on a Friday. My wife and kids were in our home when the roof peeled off. Between the wind and the rain it caused the ceiling of the upstairs floor to collapse into the bedrooms. When I came home, we had no roof. I then called CFHA. Everybody showed up within the next hour, including the Base commander. My family was immediately put into an emergency house because we needed shelter for the night. On Sunday, I got a call from CFHA to tell me there was an RHU available. I visited it and it was exactly the same model as the one we were living in, so it was perfect. On Monday, I got our insurance transferred to the new RHU and by the Wednesday we were moved into our new home, where we still live today. CFHA's service was outstanding, fantastic. It was great that the dedicated professional staff worked through the weekend. Everything that needed to get done got done. My family was very well looked after."

Master-Corporal Foster,
Occupant – HSC Petawawa



Extreme Cold in Borden

Winter 2013/14 was harsh in many parts of Canada, and Borden was no exception. Much colder than previous winters with 66 days of below zero temperatures (compared to 26 days during winter 2012/13), this bitter cold caused cryoseisms, also known as frost quakes, which played havoc on plumbing systems across the region. Occupants flooded the local CFHA customer service line to get frozen pipes thawed. In fact, waiting times became unacceptable as Borden's regular contractors scrambled from house to house trying to keep up with the demand. Additional plumbers were not available within a 100km radius of Borden, as they dealt with identical issues in the region.

CFHA's quick response in times of emergencies was also demonstrated on the evening of May 1st 2013, when a fire completely destroyed a house in Greenwood. While staff pulled together to find the occupant a permanent home, he stayed in an emergency house for a short time and was able to move into his new RHU on May 16th. The occupant was very grateful to have a new home suitable for him quickly, which helped ease the stress.

"In order to be more timely and efficient, CFHA Borden arranged for the contractors working on our bathroom replacement project to assist regular plumbers. Working almost around the clock and through the weekend, they rapidly restored water to our grateful occupants. CFHA staff being reactive and resourceful saved the day."

Angélique Stockmann,
Chief Business Operations – Borden

Sharing CFHA's Accomplishments in 2013/2014

CFHA ADAPTS TO THE INTENT

Use of New Technology

In an era of fiscal restraint, CFHA has been inventive in ways to cut down on expenditure.

The Agency promotes the use of new technologies to better communicate between sites, which are geographically dispersed throughout Canada. In fact, in the last year, the Defence Video Conferencing System was installed on 33 workstations across the country and at head office. The use of video conferencing minimizes the need for travel, saving both time and money, allows scattered employees to converse "face to face" and offers a more dynamic option than the usual teleconferencing. Additional installs will be completed in the coming years due to the program's success as a long distance communication tool and its cost effectiveness in this time of travel restrictions.

In FY 2013/14, CFHA created an electronic form for new account requests adapted from a paper-based version. Requestors are now able to fill out the CFHA Service Desk Network Account Request form electronically by using drop-down menus and error-checking fields, ensuring an accurate and standardized request each time, which helps to reduce processing time. As well, the form no longer needs to be printed, as workflow programming was added so that the form is sent using email and electronically signed at each step.

CFHA also continued to promote professional development by encouraging the participation in online workshops, training/information sessions as well as communities of practice to share ideas and tools. The Agency favours online training as it reduces costs associated with travel and time.

In fact, of the nine mandatory courses for CFHA employees, seven are offered online. Other training courses for employees are also available online, including the numerous courses offered on the Defence Learning Network, DNDLearn-DLN. All of the employees' professional development courses are captured in the Human Resources Management System, which provides employees with training history and management, including completion rates for mandatory training.

An online indoor air quality and mould awareness training module, which focuses on the Agency's approach to investigating and addressing indoor air quality issues, was also created in FY 2013/14. The intent of this interactive training is to enable Agency managers and HSC personnel involved with program delivery to effectively manage indoor air quality

"We used the Defence Video Conferencing System for interviews in a selection process. The selection board was made up of managers from Bagotville, Valcartier and me in Montreal. I like this technology, I often communicate with my manager at head office directly with this system rather than by telephone. Also, the system has text messaging capability, which sometimes allows me to communicate with my colleagues informally at other sites."

Roger Toutant, Manager – HSC Montréal

and mould issues in the RHUs. This tailored online training is accessible to all CFHA employees, all the while being interactive as well as having a back-end console available for tracking and issuing updates.

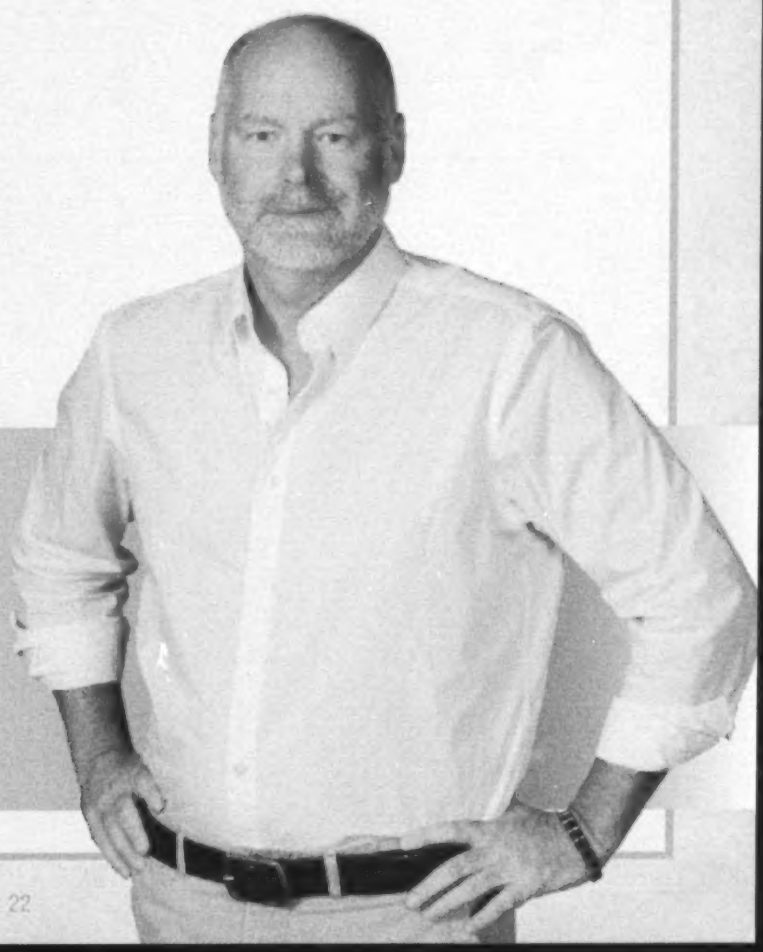
CFHA's SWAT Initiative

The Management Committee launched the CFHA Special Work Assistance Team initiative to provide short-term help to HSCs facing staff shortages or unexpected events. This initiative consists of a pool of volunteers from HSCs and head office willing and available to lend a hand to an HSC by travelling for a short period of time to its location. Volunteers sign up to be part of a pool, indicating their particular skill set and any restrictions. When a request for help comes in, managers try to match available skill sets with the HSC shortfall. The chosen volunteer then travels to the HSC for a period of one to three weeks to provide short-term help to reduce the strain on remaining personnel until a permanent solution is found.

In FY 2013/14, five SWAT deployments occurred at CFHA sites across the country. In addition to allowing sites to continue functioning while being confronted with different challenges and urgencies, SWAT allows employees to share best practices and ideas as well as facilitate standardization. Employees pass on their expertise with the visited team and bring back new knowledge to their site or head office, all the while forging good relationships with their colleagues and counterparts. It is precisely for these reasons that CFHA's SWAT program was identified as one of DND's best practices in the Assistant Deputy Minister (Human Resources - Civilian)'s Outlook on Civilian Learning and Professional Development Report.

As an example, when Russ Arnott took the position of manager of the HSC in Comox, the Comox team members were fairly new to the Agency and were without a Customer Service Representative. To help Russ and his small team move the program forward, an experienced CSR from Cold Lake was sent to assist them for two weeks.

With her friendly attitude and solid knowledge of CFHA, Valerie Hanlon helped get HSC Comox organized and on track. She put together an information package and when the new CSR arrived, she had a good tool in hand to start. The staff built a friendship with Valerie that extended beyond her SWAT role.



"In my [illegible] the SWAT program is unique to [illegible] in my 25 years of government service [illegible] come across this type of program. As [illegible] through challenging times it [illegible] that there is somewhere to turn to."

Russ Arnott, Manager – HSC Comox

"To have contributed to a SWAT is a privilege and it's an honour to be part of a team that aims to give a helping hand to colleagues. On the one hand, this is a sign of trust that CFHA is giving us and this is an opportunity for us to exchange beneficial practices that are done locally with another site and that we can bring back to our own site. Moreover, we have the chance to meet other people from other sites. We have so much to gain from knowing these great people. To put it simply, SWAT, in addition to the primary function of providing assistance in a timely manner, can improve the visiting SWAT team as much as the team receiving the help."

Roger Toutant, Manager – HSC Montréal

Edmonton's Chief of Business Operations, Ryan Stephen, also came to visit Comox as acting HSC manager for two weeks pending the arrival of the new HSC manager. Ryan brought his expertise and easy-going ways to Comox and put in place many procedures to help streamline their program delivery. He too has built friendships in Comox and is always helpful when Russ needs to get another perspective on something.

Standards Review

In 2012, DND acquired the services of a consulting firm to conduct a comprehensive study of DND housing with the objective of identifying sustainable business model options that might deliver the DND residential housing program to the CAF without any financial dependencies on DND, and still result in a recapitalized housing portfolio.

In the Housing Service Delivery Option Analysis final report, comparisons were made between DND/CFHA technical standards and private sector rental standards. The report included a proposed recapitalization strategy that used different standards than those currently used by CFHA for the delivery of housing, which could result in significant reductions. A review has been initiated to compare private sector rental standards to public sector practices. Specifically, the review is looking at three areas:

- Functional standards. This standards array covers the ability to ensure desired levels of quality of life, housing mix/types, space definition and entitlement (size, bedroom/bathroom count, "scales of accommodation").
- Engineering standards. This array specifically targets building codes and standards (building form, systems, life safety). Specific topics relating to accessibility and fire suppression are included here.
- Aesthetic standards & finishings. These standards are used to define material selection, housing features, lifecycle and maintenance tolerances and triggers.

Discussions and workshops were held on each of the three areas of review. The overall result was a better understanding of the relative differences between the private sector rental standards and those employed by government and DND/CFHA. The Agency is now looking at making some modifications to its technical standards as well as ensuring consistency in applying its current technical standards, which will reduce its capital construction costs.

Sharing CFHA's accomplishments in 2013-2014

PURSUING EXCELLENCE

In March 2014, CFHA's CEO echoed the Clerk of the Privy Council's challenge to all public servants to find innovative ways to uphold the tradition of excellence in the public service, and determine what is needed to make it a reality. CFHA's response to that challenge can be met through the continued implementation of the Excellence, Innovation and Wellness Standard for Canada, with which the Blueprint 2020 engagement process aligns very well.

CFHA has been on its excellence journey and path of continuous improvement since 2005. Year after year, it has built on its strengths and explored new ways to improve services, leverage best practices and make the Agency resilient and well-prepared for the future. In FY 2013/14, CFHA readied itself to submit an application to Excellence Canada for certification at the Silver Level. A requirement of that process involved conducting an organizational self-assessment against the EIW Standard to determine where any gaps existed that needed to close.

The self-assessment began with an initial report that was developed by an extended team of employees and managers from head office and HSCs. Following that, employees from all levels were invited to join focus groups designed to verify the high-level findings in the initial report. A summary report of the focus groups' feedback was prepared for the Management Committee's consideration in improvement planning. A final assessment against the Standard and its drivers of excellence was prepared by the focus groups' leaders and shared with the self-assessment team. CFHA's high-level strengths were noted, as identified by employees and managers, along with three key recommendations for improvement.

The EIW self-assessment was only one of many methods by which CFHA identified opportunities for improvement. Other methods included internal and public service employee surveys, managers' forums and a housing service delivery options analysis, to name a few. To help manage all the improvement initiatives, a tracking tool was developed in FY 2013/14, to monitor progress on the action items and identify the person ultimately responsible for making it happen. A large number of items are now considered closed. The remaining ones are being reviewed and will continue to be tracked with a more formal approach.

Another way that CFHA promoted employee engagement last year was by forming an extended Organizational Excellence Steering Committee

"Being asked to participate in focus group sessions such as this one (Excellence, Innovation and Wellness Self-Assessment Focus Group) reinforces the fact that your opinion matters, that each individual is part of the whole, a real sense of belonging. I'm proud to say that I work for CFHA and don't see myself working for anyone else."

Anne Corkery,
Chief, Business Operations – HSC Esquimalt

comprised of head office divisional representatives and subject-matter experts, and front-line employee/manager Champions of Excellence from the HSCs. Collectively, their role is to guide the implementation of the EIW Standard and find ways to continuously improve what CFHA staff does every day.

Continuous improvement applies to individuals as well as to the organization as a whole. To that end, CFHA was recognized by DND as the top Level 1 organization in terms of learning and professional development and the completion of Personal Learning Plans.

Moving to an organizational perspective, ongoing multifunctional reviews provide a strengthened management oversight function within CFHA. The role of the MFR team is to provide an objective opinion to CFHA senior management and a comprehensive assessment of program delivery results and policy compliance. The expected results of the reviews include business process improvements, improved information sharing and understanding, consistency in management practices and controls, and timely implementation of preventive or remedial actions in areas where control deficiencies or failures have been identified.

MFRs are scheduled on a risk-based, five-year cyclical basis. During FY 2013/14, HSC offices in Goose Bay, Montréal, Ottawa, and Petawawa were reviewed, as well the Corporate Services division at head office. MFR reports are sent to the management team and action plans then outline their improvement efforts to address any discrepancies identified during the review.

"Through their multidisciplinary approach, MFRs have proven effective at measuring the application of various policies and procedures. Various policies and procedures have ensured that a consistent approach is used for key business processes across the Agency. Continuous improvement is at the forefront of the MFR mandate."

Jean Lanouette,
Strategic Advisor – Corporate Oversight, Head Office

For example, we noticed discrepancies in the way the policy direction is interpreted. We provided clarification to ensure consistency throughout the country. MFRs also give us the opportunity to speak with a handful of occupants at each site in order to listen to their concerns and take into consideration their recommendations to improve the level of service to CAF members.

Another key initiative that gained strong momentum and interest at all levels of CFHA is the Process Management Governance Project and the outputs of cross-functional process improvement working groups and the Process Review Board to which they report. Those processes that were identified as having the biggest impact on occupants and employees have been given priority, such as the shelter charge adjustment process, the residential housing unit allocation process and the customer complaint resolution process. Work is well underway to create the tools and expertise that will deeply embed continuous improvement into how we do business, and to find innovative ways to meet the needs of the future.

CFHA's excellence journey provides the strategic umbrella under which all of these initiatives and activities merge into an integrated, sustainable and robust approach that is making us more agile, adaptable and responsive to the needs of both the Department and the occupants in our homes. This is the way in which we are supporting the objectives of Destination 2020.

MOVING FORWARD

As the Department continues to examine the options for the future delivery of the DND housing program, CFHA will focus on strengthening its management practices with the overall aim of improving its customer services and making tangible improvements to the housing portfolio.

Over the next year, CFHA will continue to build on the observations from the Housing Services Delivery Options Analysis report with the objective of adopting new strategies or changing processes to improve the efficient delivery of our operations. Examples of which are developing a vacancy management framework, examining the feasibility of having a handyman position at HSCs, and reviewing technical, functional and esthetical standards in comparison with those in the private sector.

In the coming months, CFHA will benefit from the results of the 2014 Occupant Satisfaction Survey, which will provide data that the Agency can use to achieve a better understanding of its occupants and their needs in terms of residential rental housing. CFHA will implement its action plan which targets the areas of concern identified in the survey and improvements that were required.

CFHA will also pursue new and innovative ways of managing specific components of its business in an effort to attain broader efficiencies. Chief amongst this will be the Petawawa maintenance contract pilot project which will test a new contracting model for the delivery of repair, lifecycle maintenance and operational services, all under a single contract managed by HSC Petawawa. The net result CFHA is aiming for is to allow for a faster turnover of the homes, resulting in better vacancy management, increased revenue, as well as strengthening customer service. The Agency also anticipates a reduction in the number of work orders and contracts.

As ADM(IE) pursues its real property centralization, CFHA will work with its counterparts to ensure that the core components of its service agreements with the custodians of the properties are the most efficient and effective possible. This will include the delineation of the roles and responsibilities of key services provided to CAF occupants of DND housing to ensure that CFHA optimizes its services, minimizes costs and resources, and facilitates cost-effective and well-managed services to DND and the CAF. The service agreements aim to ensure that the Agency will support ADM(IE)'s role as custodian and address all the real property planning and management requirements, operational needs, and occupant support to ensure a well-maintained housing program for the CAF communities that we serve. The service agreements cover a wide range of components, including utilities, waste management, snow and ice removal, occupant relations, property management, and portfolio and community planning. They serve as a frame for collective operations and provide significant opportunity for efficiencies and continuous improvement.

At the program and portfolio level, CFHA is committed to continuing with the rationalization and realignment of the housing portfolio and program. Both the DND and the CAF acknowledge that housing is a key factor in the quality of life of the CAF members and improving the quality and efficiency of the portfolio is a priority. The rationalization of the residential housing portfolio includes several different aspects, such as the alignment of surpluses and shortfalls in specific locations, and bringing the portfolio to a suitable standard through a combination of new construction, replacement construction, recapitalization and renovation, maintenance and demolition. The

required activities vary greatly depending on the condition of the existing portfolio, the needs of CAF members, and the required support to CAF operations.

In order to progress at the program level, CFHA will continue its efforts in minimizing the surplus housing units in areas where the local economy has demonstrated its ability to provide affordable, accessible, and available rental units for our CAF members. In addition, the Agency is working diligently to coordinate and implement rationalization and disposal plans to align with Departmental and CAF plans, priorities and operational changes. Specifically, in FY 2013/14, CFHA advanced the exit strategies and disposal plans in several operational locations where DND and the CAF were reducing or relocating their capabilities such as in Ste-Foy, Moncton and Vancouver, working with occupants, the CAF, and various stakeholders to ensure the successful transition and exit from these areas. In addition, the Agency has continued its support to ensure that adequate residential housing units are available in areas of growth and demonstrated that it is committed to supporting the CAF in areas such as Petawawa, by securing approval for the construction of 72 new residential housing units and the delivery of the first phase of 26 units in FY 2013/14 and second phase of 38 units in FY 2014/15.

Canada's military is evolving, as is the residential accommodation program that must respond to the changing times. CFHA's rationalization and renewal activities are designed to provide the right accommodation, in the right place, at the right time, to ensure that CAF members have access to the level of residential accommodation services that they require and to support the military operations of the CAF. CFHA will continue to pursue opportunities with the private sector, with its government partners and with its customers, to leverage industry experience and activity, to coordinate activities, and to remain as responsive as possible.

CFHA will continue to build upon customer service and management excellence through the further development of the Excellence, Innovation and Wellness Program, which has become the cornerstone of the Agency's management structure. One of the key initiatives that CFHA has been pursuing is the review, mapping and standardization of key Agency business processes, as well as the development and implementation of optimized processes with over 15 processes that are currently being or will soon be mapped. CFHA will also submit its application for Silver certification under Excellence Canada's revised Excellence, Innovation and Wellness Standard.

CFHA pursues its commitment to deliver an effective, efficient and sustainable housing program in support of the CAF. In these times of Government-wide constraints, the Agency remains motivated to do more for CAF members and their families, and to ensure the optimal reinvestment of their rents towards improving the military housing portfolio.

Annex A

FINANCIAL STATEMENT

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2014 and all information contained in these statements rests with the management of CFHA. These financial statements have been prepared by management in accordance with the significant accounting policies set out in Note 2 of the statements, on a basis consistent with that of the preceding year.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the DND Departmental Performance Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the Financial Administration Act and other applicable legislations, regulations, authorities and policies.

Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The CFHA financial statements have not been audited.

Approved By:

Dominique Francoeur
Chief Executive Officer
Canadian Forces Housing Agency

Natasha Tchentsova
General Manager
Finance, Planning and
Resource Management

Statement of Financial Position (Unaudited)

(in thousands of dollars)	2014	2013
Assets		
Financial Assets		
Accounts Receivable (Note 4)	**192**	288
	192	**288**
Non-Financial Assets		
Tangible Capital Assets (Note 5)	**166,378**	143,377
	166,378	**143,377**
Total	**166,570**	**143,665**

Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	**17,133**	17,734
Vacation Pay and Compensatory Leave	**836**	762
Employee Severance Benefits (Note 8)	**1,923**	2,121
	19,892	**20,617**
Net Financial Position	**146,678**	**123,048**
Total	**166,570**	**143,665**

The accompanying notes form an integral part of these financial statements.

Statement of Operations (Unaudited)

(in thousands of dollars)	2014	2013
Care and support to the CAF and contribution to Canadian society		
Operating Expenses		
Maintenance and Repair	56,174	64,381
Salaries and Employee Benefits	19,168	19,954
Professional and Special Services	8,531	10,023
Utilities, Materials and Supplies	6,432	6,230
Amortization (Note 5)	6,152	5,406
Accommodation	4,720	4,680
Other Services	994	2,055
Travel	789	902
Expenses Related to Tangible Assets	809	362
Communication	64	88
Equipment and Other Rentals	120	116
Bad Debts	91	86
Other	13	22
Advertising, Printing and Related Services	20	22
Loss on Disposal of Tangible Capital Assets	-	98
Total Operating Expenses	104,077	114,425
Revenues		
Shelter Charges	92,668	91,326
Miscellaneous Revenues (Note 6)	5,640	5,842
Total Revenues	98,308	97,168
Net Cost of Operations	5,769	17,257

The accompanying notes form an integral part of these financial statements.

The expenses related to tangible assets include those assets that were not capitalized because they were lower than the capitalization threshold established by the Department (refer to Note 2(i) of these financial statements).

Statement of Equity of Canada (Unaudited)

For the year ended March 31

(in thousands of dollars)	2014	2013
Net Financial Position, beginning of year	**123,048**	**98,446**
Net Cost of Operations	**(5,769)**	**(17,257)**
Current Funding Used (Note 3)	**27,165**	**35,588**
Change in Net Position in the Consolidated Revenue Fund (Note 3)	**689**	**4,615**
Services Received Without Charge from Other Government Departments (Note 9)	**1,544**	**1,656**
Net Financial Position, end of year	**146,678**	**123,048**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows (Unaudited)

For the year ended March 31

(in thousands of dollars)	2014	2013
Operating Activities		
Net Cost of Operations	**5,769**	**17,257**
Non-Cash Items		
Amortization of Tangible Capital Assets (Note 5)	**(6,152)**	**(5,406)**
(Loss) Gain on Disposal and Write-down of Tangible Capital Assets	**-**	**(99)**
Services Provided Without Charge by Other Government Departments (Note 9)	**(1,544)**	**(1,656)**
Variations in Statement of Financial Position		
Increase (decrease) in Accounts Receivable	**(96)**	**156**
(Increase) decrease in Liabilities	**724**	**4,556**
Cash Used by Operating Activities	**(1,298)**	**14,808**
Capital Investment Activities		
Acquisitions of Tangible Capital Assets (Note 5)	**29,152**	25,395
Cash used by Capital Investment Activities	**29,152**	**25,395**
Net Cash Provided by Government of Canada	**27,854**	**40,203**

The accompanying notes form an integral part of these financial statements.

The expenses related to tangible assets include those assets that were not capitalized because they were lower than the capitalization threshold established by the Department (refer to Note 2(i) of these financial statements).

Notes to the Financial Statement (Unaudited)

1. Authority and Purpose

CFHA was established as a provisional special operating agency of DND in October 1995. In March 2004, it received permanent special operating agency status. DND is granted revenue spending authority from Parliament through the approval of an Appropriation Act. DND funds CFHA's operating activities from vote-netted revenues generated by shelter charges collected from the housing portfolio and credited to the Defence appropriation. The capital investment program of the Agency is partially funded through departmental appropriations.

CFHA manages Crown-controlled residential accommodation assets for DND, to ensure that those assets, occupied or available to be occupied, are maintained to a suitable standard. CFHA also develops and implements plans to meet the future residential needs of members of the CAF.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Government accounting policies which are based on Canadian public sector accounting standards. Significant accounting policies are as follows:

(a) *Net Voting Authority*

CFHA receives authority to operate net voting from Parliament with the approval of an Appropriation Act. Net Voting is the authority to expend revenues generated by shelter charges to offset related expenditure.

The Agency also receives additional funding from Departmental appropriations to provide DND-directed activities.

(b) *Net Cash Provided by Government of Canada*

The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Federal Government.

(c) *Change in net position in the CRF*

The change in net position in the CRF is the difference between the net cash provided by Government and vote-netted revenues plus additional funding used in a year, excluding the amount of non-respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects vote-netted revenues and when it is processed through the CRF.

(d) *Revenues*

- Revenues from shelter charges are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) *Expenses*

Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) *Employee future benefits*

i. Pension benefits

Eligible civilian employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the total Agency's obligation to the Plan. Current legislation does not require DND to make contributions for any actuarial deficiencies of the Plan.

ii. Severance benefits

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) *Accounts receivables*

Receivables are stated at amounts expected to be ultimately realized; an allowance for doubtful accounts is made for receivables where recovery is considered uncertain. The allowance for doubtful accounts represents management's best estimate of probable losses in receivables. The allowance is determined based on an analysis of historic loss experience and an assessment of current condition.

(h) *Contingent liabilities* – Claims and Litigations

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. (Refer to Note 11 of these financial statements).

(i) *Tangible capital assets*

All tangible capital assets, having an initial cost of $30,000 or more, including capital leases, betterments and leasehold improvements, are recorded at their acquisition cost. Capitalization threshold values lower than $30,000 may apply to certain assets such as vehicles.

The Agency does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on First Nations Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Buildings (New Construction)	40 years
Buildings (Betterment)	20 years
Vehicles	4 years
Work in Progress	Once in service, in accordance with asset class

(j) ***Measurement uncertainty***

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits, allowance for doubtful accounts, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Reconciliation of Current Year Funding Used

(a) ***Reconciliation of Net Cost of Operations to Current Year Funding Used***

(in thousands of dollars)	2014	2013
Net Cost of Operations	**5,769**	**17,257**
Adjustments for items affecting Net Cost of Operations but not affecting Funding:		
Amortization of Tangible Capital Assets (Note 5)	**(6,152)**	**(5,406)**
Vacation Pay and Compensatory Leave	**(73)**	**(32)**
Employee Severance Benefits	**197**	**414**
Adjustment to Previous Year's Accounts Payable	**(288)**	**(371)**
Services Provided Without Charge by Other Government Departments (Note 9)	**(1,544)**	**(1,656)**
Loss on Disposal of Tangible Capital Assets	**-**	**(99)**
Other	**103**	**86**
	(1,987)	10,193
Adjustments for items not affecting Net Cost of Operations but affecting Funding:		
Acquisitions of Tangible Capital Assets (Note 5)	**29,152**	25,395
Current Year Funding Used	**27,165**	**35,588**

(b) *Reconciliation of Net Cash Provided by Government to Current Year Funding Used*

(in thousands of dollars)	2014	2013
Net Cash Provided by Government	**27,855**	**40,203**
Revenue not available for Spending		
Change in Net Position in the Consolidated Revenue Fund		
(Increase) Decrease in Accounts Receivable and Advances	**96**	**(156)**
(Decrease) in Accounts Payable, Accrued Liabilities and Transfer Payments Payables	**(601)**	**(4,174)**
Adjustment to Previous Year's Accounts Payable	**(288)**	**(371)**
Other Adjustments	**103**	**86**
	(689)	(4,615)
Current Year Funding Used	**27,165**	**35,588**

4. Accounts Receivable and Advances

(in thousands of dollars)	2014	2013
Receivables from Other Federal Government Departments and Agencies	**63**	**71**
Receivables from External Parties	**622**	**860**
Gross Accounts Receivable	**685**	**931**
Less: Allowance for Doubtful Accounts on External Receivables	**(493)**	**(643)**
Total	**192**	**288**

5. Tangible Capital Assets

Tangible Capital Assets					
(in thousands of dollars)	Opening Balance	Acquisitions	Transfer	Disposals	Closing Balance
Residential Houses	147,225		11,292	-	158,517
Work in progress	24,741	29,152	(11,292)		42,601
Total Tangible Capital Assets	**171,966**	**29,152**	**-**	**-**	**201,118**

Accumulated Amortization				
(in thousands of dollars)	Opening Balance	Current Year Amortization	Disposals and Transfers	Closing Balance
Residential Houses	28,588	6,152	-	34,740
Total Tangible Capital Assets	**28,588**	**6,152**	**-**	**34,740**

Net Book Value (in thousands of dollars)	2014	2013
Residential Houses	123,777	118,636
Work in progress	42,601	24,741
Total Net Book Value	**166,378**	**143,377**

Amortization expenses for the year ended March 31, 2014 is $6,151,976 (2013 - $5,406,274).

CFHA-managed residential housing assets were transferred from DND at the time of CFHA formation with "0" cost value instead of a historical cost of the assets and fully amortized value because the residential housing portfolio was more than 5 years old and there was a lack of accurate cost information dating back to that time. The realty replacement cost of residential housing assets was approximately $1.822 billion and the number of CFHA owned housing units is 12,265 at March 31, 2014.

6. Miscellaneous Revenues

(in thousands of dollars)	2014	2013
Recovery of Utility Charges	4,415	4,576
Recovery from Foreign Military Training	985	1,061
Others	240	205
Total	**5,640**	**5,842**

7. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	2014	2013
Federal Government Departments and Agencies	**3,647**	3,834
External Parties		
Accounts Payable	12,805	13,167
Accrued Salaries	8	17
Other Liabilities	673	716
Total Accounts Payable and Accrued Liabilities	**17,133**	**17,734**

8. Employee Future Benefits

(a) *Pension Benefits*

The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to EAP 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

For Group 1 members, the expense presented below represents approximately 1.6 times (1.7 in 2012-13) the employees' contributions, and for Group 2 members approximately 1.5 times (1.6 in 2012-13) the employees' contributions.

(in thousands of dollars)	2014	2013
Pension Expense	**2,198**	**2,179**

The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) *Severance Benefits*

The Department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2014	2013
Accrued Future Benefit Obligation, beginning of year	**2,121**	**2,535**
Expense for the Year	**526**	**127**
Benefits paid during the year	**(724)**	**(541)**
Accrued Future Benefit Obligation, end of year	**1,923**	**2,121**

9. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Department enters into transactions with these entities in the normal course of business and on normal trade terms.

Services Received Without Charge

Also, during the year, the Agency received without charge from other departments, the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Agency's Statement of Operations as follows:

(in thousands of dollars)	2014	2013
Employer's contributions to the health and dental insurance plans paid by TBS	1,544	1,656
Total	**1,544**	**1,656**

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Agency's Statement of Operations.

10. Contractual Obligations

The nature of the Agency's activities results in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments when services and/or goods are received.

Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2014-15	2015-16	2016-17	2017-18	2018-19 and thereafter	Total
Project	7,318,718	263,700	-	-	-	7,582,418
Operating Lease	895,967	402,608	130,932	69,372	69,372	1,568,251

11. Contingent Liabilities

There is an initiated litigation against Her Majesty the Queen in Right of the Department of National Defence for damages involving leases for the provision of housing in Halifax. The leases in question date back to 1963; CFHA has been managing these leases since April 1996. DND has communicated the necessary information to the Office of the Auditor General in the context of its year-end audit.

Annex B

CONTACT INFORMATION & ABBREVIATIONS USED IN THIS REPORT

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Abbreviations Used in this Report

ADM(IE)	Assistant Deputy Minister (Infrastructure and Environment)
BFA	Barrier-Free Accessible
CAF	Canadian Armed Forces
CEO	Chief Executive Officer
CFHA	Canadian Forces Housing Agency
CSR	Customer Service Representative
DND	Department of National Defence
EIW	Excellence, Innovation and Wellness
FY	Fiscal Year
HSC	Housing Services Centre
MFR	Multifunctional Review
RHU	Residential Housing Unit
SWAT	Special Work Assistance Team